

August 11, 2022

Subject : Management's Discussion and Analysis for the 2nd quarter ending June 30, 2022,
Changing in operation results was over 20 percent.

Attn : The President
The Stock Exchange of Thailand

Siam Steel International Public Company Limited has submitted the consolidated financial statements of the 2nd quarter for the three-month period ended June 30, 2022. It is noted that the change in net profit (loss) was over than 20 percent compared with the previous year. The Company would explain in the Management's Discussion and Analysis for the 2nd quarter period ending June 30, 2022 as follows:

1. Operating Results

Consolidated Statements of Comprehensive Income for the three-month period ended June 30, 2022 and 2021

Consolidated Financial Statements	The Second quarter 2022		The Second quarter 2021		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales and services	398	93%	406	96%	(8)	(2%)
Construction services	31	7%	16	4%	15	94%
Total Revenues	429	100%	422	100%	7	2%
Costs of sales and services	367		353		14	4%
Costs of Construction services	29		14		15	107%
Total Costs of Sales and Services	396	92%	367	87%	29	8%
Sales and services gross profit	31		53		(22)	(42%)
Construction services gross profit	2		2		0	0%
Total Gross Income	33	8%	55	13%	(22)	(40%)
Other income	25	6%	16	4%	9	56%
Selling and administrative expenses	(108)	(25%)	(92)	(22%)	(16)	(17%)
Profit (Loss) from Operations	(50)	(12%)	(21)	(5%)	(29)	(138%)
Profit in associated companies on equity method	18	4%	4	1%	14	350%
Financial costs	(1)	(0%)	(1)	(0%)	0	0%
Profit (Loss) before Income Tax	(33)	(8%)	(18)	(4%)	(15)	(83%)
Income tax	1	0%	1	0%	0	0%
Equity in non – controlling interests in subsidiaries	3	1%	1	0%	2	200%
Net Profit (Loss) attributable to the Company	(29)	(6.76%)	(16)	(3.79%)	(13)	(88%)
Net Profit (Loss) per share attributable to the Company (Baht)	(0.050)		(0.026)		(0.024)	(88%)

1.1 Analysis of overall Operating Results

For the 2nd quarter of the year 2022, the consolidated financial statements of the Company presented total revenues amounting to Baht 429 million, increased by 7 million baht or increased 2 percent from the same quarter of previous year. Such mainly change resulted from the increase in Construction Services and Renewable Energy group. However, this year the Company still has the action plan of human resources development in marketing and production, as well as increasing new products to response the customer's requirements to enable sales volume increase, including to expand investment in renewable energy business in order to generate stable income in the future. Even with the effect of the COVID-19 spreading situation but the Company believe that the revenues trend will be increasing.

Total Revenues

For the 2nd quarter of this year, the consolidated financial statements of the Company's presented total revenues amounting to 429 million baht, increased by 7 million baht or increased 2 percent. This was mainly resulted from the increase in Construction Services and Renewable Energy group. Total revenues in the 2nd quarter of this year consisted of following income:

- Revenues from domestic sales of furniture, "LUCKY" Hi-tech Building System and flood protection wall totaling 390 million baht, decreased by 16 million baht or decreased 4 percent from the 2nd quarter of previous year.

- Revenues from renewable energy business group totaling in this year 8 million baht, increased by 8 million baht or increased 100 percent from the 2nd quarter of previous year.

- Revenues from domestic construction services of this year has 4 jobs amounting to 31 million baht, increased by 15 million baht or increased 94 percent from the 2nd quarter of previous year.

Other Income

The consolidated financial statements of the Company for the 2nd quarter of this year presented other income increasing from the 2nd quarter of previous year by 9 million baht, or increased 56 percent. Other income in the 2nd quarter of this year were mainly from dividends, rents and other services.

Cost of Sales and Expenses

- The consolidated financial statements of the Company presented total cost of sales for the 2nd quarter of this year amounting to 396 million baht, increased by 29 million baht or increased 8 percent from the 2nd quarter of previous year. For the ratio of total cost of sales to total revenue for the 2nd quarter of year 2022 and the 2nd quarter of year 2021 was equally 92 percent and 87 percent, respectively. Cost of Goods Sold increased due to the impact of increasing cost of steel prices and business groups with a high proportion of cost of Sales increased their revenue.

- The consolidated financial statements of the Company presented selling and administrative expenses of the 2nd quarter of this year amounting to 108 million baht, increased by 16 million baht or increased 17 percent from the 2nd quarter of previous year. This was mostly resulted from increases of administrative expenses of renewable energy business group. For the ratio of selling and administrative expenses to total revenues for the 2nd quarter of year 2022 and the 2nd quarter of year 2021 was 25 percent and 22 percent, respectively.

- The consolidated financial statements of the Company presented financial cost for the 2nd quarter of this year amounting to 1 million baht, equal to the 2nd quarter of previous year. This was mainly resulted from the interest expenses of loans from domestic financial institutions for operating in renewable energy business group.

Gross Profit

- The consolidated financial statements of the Company for the 2nd quarter of the year 2022 presented gross profit amounting to 33 million baht, decreased by 22 million baht or decreased 40 percent from the 2nd quarter of previous year. The gross profit ratio for the 2nd quarter of the year 2022 and the 2nd quarter of the year 2021 was equally 8 percent and 13 percent, respectively.

Profit in associated companies on equity method

- The company's consolidated financial statements of the 2nd quarter of the year 2022 presented the profit in associated companies with the equity method amounting to 18 million baht. It was increased by 14 million baht or increased 350 percent from the 2nd quarter of previous year that was caused by 2 associated companies which had the turnover as the net profit.

Net Profit (Loss)

- The consolidated financial statements of the Company presented net loss amounting to 29 million baht for the 2nd quarter of the year 2022 and amounting to 16 million baht for the 2nd quarter of the year 2021, increased by 13 million baht or increased 88 percent from previous year. This was resulted from the increasing of sales costs and administrative expenses. The Net loss ratio of the 2nd quarter of the year 2022 was 6.76 percent and the 2nd quarter of the year 2021 was 3.79 percent.

2. Financial positions

Statements of Financial positions as of June 30, 2022 and December 31, 2021

Consolidated financial statement	June 30, 2022		December 31, 2021		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Assets						
Cash and cash equivalents	276	8%	250	7%	26	10%
Trade accounts receivable - net	185	5%	219	6%	(34)	(16%)
Inventories – net	371	11%	350	10%	21	6%
Other current assets	151	4%	155	4%	(4)	(3%)
Total Current Assets	983	28%	974	27%	9	1%
Investments	964	27%	962	27%	2	0%
Property, plant and equipment - net	1,458	42%	1,512	43%	(54)	(4%)
Other non - current assets	93	3%	90	3%	3	3%
Total Non - Current Assets	2,515	72%	2,564	73%	(49)	(2%)
Total Assets	3,498	100%	3,538	100%	(40)	(1%)
Liabilities and Shareholders' Equity						
Short-term loans from financial institutions	65	2%	65	2%	0	0%
Short-term loans from related company	74	2%	51	1%	23	45%
Long-term loans from financial institutions; due within 1 year	15	0%	15	0%	0	0%
Trade accounts payable	203	6%	207	6%	(4)	(2%)
Other current liabilities	145	4%	195	6%	(50)	(26%)
Total Current Liabilities	502	14%	533	15%	(31)	(6%)
Long-term loans from financial institutions	0	0%	1	0%	(1)	(100%)
Employee benefits obligation	54	2%	52	2%	2	4%
Other non - current liabilities	114	3%	109	3%	5	5%
Total Non - Current Liabilities	168	5%	162	5%	6	4%
Total Liabilities	670	19%	695	20%	(25)	(4%)
Shareholders' equity to the Company's	2,609	75%	2,622	74%	(13)	(0%)
Shareholders' equity non-controlling interests' equity	219	6%	221	6%	(2)	(1%)
Total Shareholders' equity	2,828	81%	2,843	80%	(15)	(1%)
Total Liabilities and Shareholders' Equity	3,498	100%	3,538	100%	(40)	(1%)

2.1 Analysis of the financial position of the Company and its subsidiaries as at June 30, 2022 and December 31, 2021

Total Assets

As at the end of the 2nd quarter of the year 2022, the consolidated financial statements of the Company presented total assets amounting to 3,498 million baht, decreased by 40 million baht from the end of December 31, 2021. This was mainly decreasing from the trade account receivable and Property, plant and equipment.

The structure of Total assets presented in the consolidated financial statements of the Company as at the end of the 2nd quarter of this year consisted of cash and cash equivalents 8 percent, trade accounts receivable 5 percent, net inventories 11 percent, other current assets 4 percent, investments in associated companies and other companies 27 percent, Property, plant and equipment 42 percent and other non-current assets 3 percent. Whereby the structure of total assets at the end of previous year consisted of cash and cash equivalents 7 percent, trade accounts receivable 6 percent, net inventories 10 percent and other current assets 4 percent, investments in associated companies and other companies 27 percent, property, plant and equipment 43 percent and other non-current assets 3 percent.

- Cash and cash equivalents at the end of the 2nd quarter of the year 2022 was 276 million baht, increased from the end of previous year by 26 million baht, as follow:

Cash from operating activities was 26 million baht. This mostly from increasing of the repayment of other current receivables-general companies and pay off the liabilities of agreement.

Cash used for investing activities was 49 million baht. This mostly gained from dividend.

Cash used for financing activities was 3 million baht. This mostly gained from short-term loans of related company.

- Trade accounts receivable at the end of the 2nd quarter of the year 2022 was 185 million baht, decreased from the end of previous year of 34 million baht. The balance of trade accounts receivable at the end of the 2nd quarter of the year 2022 of which separated as 81 percent of such accounts receivable was not yet due, 14 percent of accounts receivable was overdue less than 3 months and 5 percent of accounts receivable was overdue more than 3 months. However, the Company and its subsidiaries have monitored closely for the debts collection. The company will consider the possibility of receiving the payment of debt. In addition, in the case of some debtors being in the process of collection, the Company will provide

the appropriate proceed to record the allowance for doubtful accounts. At the end of the 2nd quarter of this year, balance of allowance for doubtful account was 4 million baht. Receivable turnover rate at the end of the 2nd quarter of the year 2022 was 8.91 times and at the end of previous year was 7.83 times. Average debt collection at the end of the 2nd quarter of the year 2022 was 41 days and at the end of previous year was 47 days. Receivable turnover was increased and average debt collection period was decrease because the average of receivable at the end of the 2nd quarter of this year was decreased and the revenue was increased.

- Inventories balance at the end of the 2nd quarter of the year 2022 was 371 million baht, increased by 21 million baht or increased 6 percent from the end of previous year, mostly increased from renewable energy business group. The inventory turnover rate at the end of the 2nd quarter of the year 2022 was 4.35 times, and was 5.02 times at the end of previous year. The decreasing from previous year was due to the increasing in the average inventory value.

- Other current assets as of the end of the 2nd quarter of the year 2022 was 151 million baht, decreased by 4 million baht or decreased 3 percent from previous year. This decrease was mainly resulted from advance payment for product purchasing.

- Investments at the end of the 2nd quarter of the year 2022 were 964 million baht, increased by 2 million baht or increased 0 percent from the end of previous year. This was resulted from recognition of increasing in profit on equity method from associated company in the 1st and 2nd quarter of this year.

- Property, plant and equipment – net as at the end of the 2nd quarter of the year 2022 was 1,458 million baht, decreased by 54 million baht or decreased 4 percent from the end of previous year. Mostly assets were property, plant and equipment in furniture business and from investment in renewable energy business of building and machines in Surat Thani and Uthai Thani province that has gradually depreciated since 2021.

Total liabilities

As at the end of the 2nd quarter of this year, the consolidated financial statements of the Company presented total liabilities of 670 million baht, decreased by 25 million baht or decreased 4 percent from the previous year. Mostly decreased from other non-current liabilities.

- As at the end of the 2nd quarter of this year, short-term loan from financial institution was 65 million baht. Mostly are the promissory note of the subsidiary company for the operation.

- As at the end of the 2nd quarter of this year, short-term loan from related companies was 74 million baht, increased by 23 million baht or increased 45 percent from previous year. Mostly are loans of companies in the renewable energy business group which is an indirect subsidiary of the company, loans from related companies to spend in the business and has been partially payment in the 2nd quarter of this year.

- As at the end of the 2nd quarter of this year, other current liabilities was 145 million baht, decreased by 50 million baht or decreased 26 percent from previous year. This mostly caused by liabilities arising from the advance payment of bathroom pods business group.

- As at the end of the 2nd quarter of this year, long-term loan from financial institution was no balance. This caused by the repayment of the indirect subsidiary of the Company for long term loan from financial institution. The remaining balance is due within 1 year.

- As at the end of the 2nd quarter of this year, other non-current liabilities were 114 million baht. This was mainly resulted from the recognition of the liabilities according to the lease agreement of car and land for operation, deferred tax liabilities and retention creditors that are not yet due.

Shareholders' equity

As at the end of the 2nd quarter of this year, the consolidated financial statements of the Company presented the shareholders' equity of 2,828 million baht, as at the end of previous year was 2,843 million baht, decreased by 15 million baht from previous year. This caused by the turnover of group of companies has the net loss and dividend payment in the 1st and 2nd quarter of this year.

Book value as at the end of the 2nd quarter of this year was 4.77 baht per share, the end of previous year 4.79 baht per share, decreased by 0.02 baht per share from previous year.

2.2 Liquidity and significant financial ratios

Statements of Cash flows for the six-month period ended June 30, 2022

Consolidated financial statements	Unit : Million Baht
Net cash from (used for) operating activities	(26)
Net cash from (used for) investing activities	49
Net cash from (used for) in financing activities	3
Increase (Decrease) in cash and cash equivalents - net	26
Cash and cash equivalents at beginning of period	250
Cash and cash equivalents at end of period	276

Liquidity of the consolidated financial statement of the Company as at the end of the 2nd quarter of this year, the Company held cash amounting to 276 million baht, 250 million baht at the end of previous year. Cash flow increased by 26 million baht, this was related to:

- Cash flow from operating activities was 26 million baht. This mostly resulted from increasing of repayment of other current receivables-general companies amounting to 27 million baht, increasing of other current assets amounting to 41 million baht.

- Cash flow gained from investing activities was 49 million baht. This mostly gained from dividend amounting to 53 million baht.

- Net Cash flow used for financing activities was 3 million baht which gained from short-term loans of related company amounting to 24 million baht.

The current ratio was increased from 1.83 times as at the end of previous year to 1.90 times as at the end of the 2nd quarter of this year. The quick ratio as at the end of this year was equivalent 0.88 times as at the end of the 2nd quarter of this year. However, both ratios represented positive favorable liquidity of the Company and its subsidiaries.

In consideration of the ability for the debt repayment as at the end of the 2nd quarter of this year and the end of previous year, the Company and its subsidiaries still maintained good ability for debt payment. Considering from the debt to equity ratio, Showing 0.24 times at the end of previous year and at the end of the 2nd quarter of this year.

3. Significant factors that may affect the future of finance position or future operation

The stability of local political

If local political is not stable, it will result in the government's spending. Government spending to stimulate the economy will be reduced. As a result, the industrial growth will be shrunken, the order will also be reduced.

Foreign market

There was shrunken in foreign market because the Covid-19 is not ease up, the purchase order may be reduced.

Raw material pricing

Steel is core raw material for production. If steel price are fluctuated, it may affect the orders and production costs.

Foreign Exchange Rate

If the Baht is strengthens against foreign currency continuously, this may affect the Company's sales in Baht value. In addition, the Company may lose ability in its competitiveness compared to competitors and may get loss from exchange rates.

Please be informed,

Yours sincerely,

(Mr. Surapol Kunanantakul)
President
Siam Steel International Public Company Limited